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LISTING STATEMENT NO. 2498.

LISTED JULY 22, 1971.
30,000,000 shares without par value.
Stock Symbol CZP.
Post Section 4.1.

TORONTO STOCK EXCHANGE

LISTING STATEMENT

CANADIAN BONANZA PETROLEUMS LTD.

Incorporated under the Companies Act of the Province of Alberta
by Memorandum of Association dated September 30, 1966

1. Address of the Company's Head Office and of any other offices:
523-8th Avenue S.W., Calgary 2, Alberta.

2. Officers of the Company:

Office Held	Name	Address	Occupation
President	David George Ferguson	8 Connaught Drive N.W. Calgary, Alberta	Geophysicist
Vice-President	Leland Don Halvorsen	R.R. No. 2 Calgary, Alberta	Geologist
Secretary-Treasurer	John Joseph Fleming	2612 Charlebois Drive N.W. Calgary, Alberta	Chartered Accountant

3. Directors of the Company:

Name	Address	Occupation
David George Ferguson	8 Connaught Drive N.W., Calgary, Alberta	Geophysicist
Leland Don Halvorsen	R.R. No. 2, Calgary, Alberta	Geologist
John Joseph Fleming	2612 Charlebois Drive N.W., Calgary, Alberta	Chartered Accountant
Jerome Reyda, Q.C.	14108-98th Avenue, Edmonton, Alberta	Barrister and Solicitor

4. Names and addresses of all transfer agents:

Montreal Trust Company—
15 King Street West, Toronto, Ontario.
411-8th Avenue S.W., Calgary, Alberta.
466 Howe Street, Vancouver, British Columbia.
1908-11th Avenue, Regina, Saskatchewan.

5. Particulars of any fee charged upon transfer other than customary government taxes:

A fee of \$.75 per share certificate will be charged on all transfers of shares in addition to the usual security transfer taxes.

6. Names and addresses of all registrars:

Montreal Trust Company—
15 King Street West, Toronto Ontario.
411-8th Avenue S.W., Calgary, Alberta.
466 Howe Street, Vancouver, British Columbia.
1908-11th Avenue, Regina, Saskatchewan.

7. Amount of authorized capital: \$20,000,000.

8. Number of shares and par value:

10,000,000 8% non-cumulative redeemable convertible voting preferred shares of the par value of \$1 each ("preferred shares") and 30,000,000 common shares without nominal or par value ("common shares").

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

Date	Number of Shares	Brief description of the properties or other assets and the aggregate consideration therefor, expressed in cash, shares, etc.
November, 1968, to May, 1969	2,594,576	Aggregate consideration \$1,854,976; issued for 77% of the outstanding shares of Frisco Petroleum Ltd.
July, 1970	792,000	Aggregate consideration \$396,000; issued for the remaining 23% of the outstanding shares of Frisco Petroleum Ltd.
December, 1970	62,500	Aggregate consideration \$81,250; issued to Silver Chief Minerals Ltd. for 50% of the original prospector's interest in the Company's mineral properties at La Ronge, Saskatchewan.
Total	3,449,076	

10. Full details of all shares sold for cash: 1,357,900 common shares without par value.

Date	Number of Shares	Price per Share	Amount realized by Company
September, 1966	447,000	1¢	\$ 4,470
December, 1966	303,000	10¢	30,300
March, 1967	500,000	40¢	200,000
June, 1970	107,000	90¢	97,180
Total	1,357,900		\$331,950

11. Total number of shares issued: 4,806,976 common shares.

12. Number of shares now in treasury or otherwise unissued:

25,193,024 common shares and 10,000,000 preferred shares.

13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes: None.

14. Date of last annual meeting: May 15, 1971.

15. Date of last report to shareholders:

Annual Report for the year ended September 30, 1970, and Interim Report as at March 31, 1971, both of which form part of this listing statement.

16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this is to be stated.	By agreement dated March 13, 1970, Wichita Industries, Inc. of New York lent to the Company \$187,500 (U.S.) and secured options on 62,400 common shares of the Company at \$1.20 per share exercisable at any time to August 11, 1972.
17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.	No person has any interest, direct or indirect, in any optioned shares other than Wichita Industries, Inc. as referred to in Item 16 above.
18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	No payments in cash or securities of the Company have been made or are to be made in connection with any proposed underwriting or property acquisition.

19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.	Under an escrow agreement 447,000 common shares issued for 1¢ (cash) per share on the original formation of the Company are held in escrow by Montreal Trust Company subject to release upon the consent of the Alberta Securities Commission.										
20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	<table> <tr> <td>David G. Ferguson 8 Connaught Drive, N.W., Calgary, Alberta</td><td>223,500</td></tr> <tr> <td>Jack H. Abrams 5035 Batchelor Crescent, Calgary, Alberta</td><td>223,500</td></tr> <tr> <td></td><td><u>447,000</u></td></tr> </table>	David G. Ferguson 8 Connaught Drive, N.W., Calgary, Alberta	223,500	Jack H. Abrams 5035 Batchelor Crescent, Calgary, Alberta	223,500		<u>447,000</u>				
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Jack H. Abrams 5035 Batchelor Crescent, Calgary, Alberta	223,500										
	<u>447,000</u>										
21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table> <tr> <td>Analind Corporation Limited P.O. Box 4695, Nassau, Bahamas</td><td>1,453,400</td></tr> <tr> <td>David G. Ferguson 8 Connaught Drive N.W., Calgary, Alberta</td><td>223,500 (1)</td></tr> <tr> <td>Jack H. Abrams 5035 Batchelor Crescent, Calgary, Alberta</td><td>232,100 (2)</td></tr> <tr> <td>Dr. Harry Nataros P.O. Box 717, Langley, British Columbia</td><td>222,500</td></tr> <tr> <td>Hi Lo Holdings Ltd. 2nd Floor, 523-8th Avenue S.W., Calgary, Alberta</td><td>148,700</td></tr> </table> <p>(1) held in escrow as referred to in Item 19.</p> <p>(2) 223,500 held in escrow as referred to in Item 19.</p>	Analind Corporation Limited P.O. Box 4695, Nassau, Bahamas	1,453,400	David G. Ferguson 8 Connaught Drive N.W., Calgary, Alberta	223,500 (1)	Jack H. Abrams 5035 Batchelor Crescent, Calgary, Alberta	232,100 (2)	Dr. Harry Nataros P.O. Box 717, Langley, British Columbia	222,500	Hi Lo Holdings Ltd. 2nd Floor, 523-8th Avenue S.W., Calgary, Alberta	148,700
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Dr. Harry Nataros P.O. Box 717, Langley, British Columbia	222,500										
Hi Lo Holdings Ltd. 2nd Floor, 523-8th Avenue S.W., Calgary, Alberta	148,700										
22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	Analind Corporation Limited P.O. Box 4695 Nassau, Bahamas										
23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	Prospectus dated March 14, 1967, filed with the Alberta Securities Commission relating to the issue of 500,000 common shares at 40¢ per share; Prospectus dated October 31, 1970, filed with the Alberta Securities Commission relating to the issue of 3,400,000 preferred shares with 1,700,000 warrants to purchase common shares, all at \$1 per share (subsequently withdrawn).										
24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	No application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body has ever been refused, cancelled, suspended or revoked.										
25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	\$500,000 7% convertible secured debentures due May 15, 1974; \$2,500,000 five-year Bank Production loan secured by the pledge of the petroleum and natural gas producing properties of the Company's wholly-owned subsidiary, Frisco Petroleums Ltd., under Section 82 of the Bank Act and by the pledging of the Company's book debts.										
26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	100% of the shares of Frisco Petroleums Ltd. the assets and liabilities of which are included in the consolidated financial statements of the Company. The cost of these shares is referred to under Item 9. There is no market for the shares of Frisco Petroleums Ltd.										

27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field:

(a) Properties owned where titles vested in Company.

(b) Properties leased.

(c) Properties otherwise held.

Mineral Claims

50% interest in:

CBS-1680)	Mineral Claim Map 73-P-5-SE
WS 1-10)	Province of Saskatchewan
CBS-1680)	covering approximately 4,150 acres
CBS-34)	

Petroleum and Natural Gas

	Gross Acres	Net Acres	
Countess	103,191	24,802)	Petroleum and Natural
Lake Newell	45,000	15,000)	Gas Leases in the
Cessford	1,920	1,920)	Province of Alberta

Oil and Gas Royalties

	Gross Acres	Royalty Interest
Nahanni Butte	124,164	2½%-3%
Sable Island	91,824	2%

28. Particulars of any royalties or other charges payable upon production from each individual property.

Cessford Leases—Alberta Crown royalty to a maximum of 16⅔%.
Countess—Lake Newell—Royalties payable to Canadian Pacific Oil & Gas Ltd. to two individuals in total ranging from 16.3% to 27.6%.

29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.

The Company is not currently contemplating the purchase of any properties or assets.

30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.

Not applicable.

31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.

The Company has no knowledge of any lawsuits pending or in process against the Company or its properties and there are no other circumstances within the knowledge of the Company which might affect the Company's position or title adversely.

32. Describe plant and equipment on property or properties.

Conventional oil and gas production facilities including well head equipment, battery facilities, storage tanks and flow lines.

33. Describe all development accomplished and planned.

The Company was incorporated during 1966 and in 1967 was successful in the public sale of 500,000 shares at 40¢ per share. The Company filed on a number of oil and gas permits in the Northwest Territories and offshore Canada's east and west coasts. Such permits were subsequently sold for an aggregate cash consideration of approximately \$181,000 and retained gross overriding royalty interests ranging from 2%-3%. The royalties held in the Pointed Mountain (Nahanni Butte) area of the Northwest Territories and the Sable Island area offshore Canada's east coast are considered to have substantial value.

During 1968 the Company acquired 51% of the outstanding shares of Frisco Petroleums Ltd., a private Alberta Company, and during the period 1968 to July, 1970, gradually acquired the remaining 49% of that company.

The Company and its subsidiary, Frisco Petroleums Ltd., embarked on a substantial drilling and exploration program concentrated in southeast Alberta and in particular on a farmout from Canadian Pacific Oil & Gas Limited covering approximately 148,000 acres. The Company and its joint interest partners have drilled 128 wells on this property which resulted in 59 oil wells and 17 gas wells. The five oil fields and four gas fields that resulted from this drilling program have developed oil reserves of 13.7 million barrels and gas reserves of 16.6 billion cubic feet. A major secondary recovery scheme is now being implemented in this area and construction of the facilities is now underway. The ultimate cost to the Company over the next two to three years of the facilities required to

CANADIAN BONANZA PETROLEUMS LTD.

ANNUAL REPORT 1970



39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held, and name of employing company or firm.

David George Ferguson
Geophysicist

Leland Don Halvorsen
B.Sc. P. Eng.

John Joseph Fleming
B.Comm., C.A.

Jerome Reyda, Q.C.

1966 to date, President of the Company

1964-1969 Independent Petroleum Consultant;
1969 to date, Vice-President of the Company

1964 to 1969, manager and then partner of
Riddell, Stead & Co., Chartered Accountants;
1969 to date, Secretary-Treasurer of the Company

1964 to date, practicing solicitor in the City
of Edmonton. Appointed a director of the
Company in 1970

Cover Picture

Countess Battery No. 1 — "D" Pool

Directors and Officers

D. G. Ferguson, President

Calgary, Alberta

L. D. Halvorsen, Vice President

Calgary, Alberta

J. J. Fleming, Secretary-Treasurer

Calgary, Alberta

J. Reyda, General Counsel

Edmonton, Alberta

1970 Highlights

Present oil production at all time high of 815 barrels per day. Gas production commenced in January 1960 at rate of 1.3 million cubic feet per day.

Estimated production in 1972 of 2300 barrels per day primarily resulting from secondary recovery facilities presently being constructed.

Oil and gas sales increased to \$365,376 in 1970 from \$95,254 in 1969 — an increase of 280%.

Recent crude oil price increases will result in a 14% increase in revenue in 1971.

Company participated in the drilling of 23 wells, 13 of which were successful including the new Lathom C pool.

Company oil and gas reserves now established at 13,731,000 barrels and 16.647 billion cubic feet respectively.

Company obtained approval of a \$2,500,000 production loan and the private placement of a \$500,000 convertible debenture with eastern investors.

Canadian Bonanza Petroleums Ltd.

President's Report to the Shareholders

During 1970 your company reached all time highs in average daily oil and gas production and recoverable reserves and the directors are confident that even more substantial increases will be reported to you in 1971. The increased United States demand for crude oil together with a relaxation of import quotas, a price increase of 25c per barrel effective December 1, 1970 and a further increase of 10c per barrel effective May 1, 1971, implementation of a secondary recovery program on certain of the company's producing properties and approval by the Alberta Conservation Board of a substantial increase in the allowed rate of production for certain other producing areas will enable the company to substantially increase both production and cash flow.

Considering the United States policy on oil imports, the substantial price increase of Middle East crude and the recently announced 60c per barrel price increase for Venezuelan crude to the Montreal market, it is not unreasonable to assume that a further significant price increase is imminent. This could, in the opinion of senior oil industry and banking officials, take place as early as September 1971. Considering the fact that your company's production will be substantially increased by that time, the potential price increase would have all the more impact.

Future Plans

The company plans to continue its participation in the exploration and development of lands owned in southeast Alberta. This includes a major secondary recovery program estimated to cost approximately \$2,000,000 of which the company's share is 25%. Such facilities are presently under construction with a projected completion date of September 1, 1971.

The company also intends to develop and participate in new exploration plays in the relatively low-cost high rate

of return areas of southeast Alberta and southwest Saskatchewan. The company does not intend to participate in high cost, high risk exploration until its financial and income tax position so warrants. This type of decision will be made after the terms of the new federal income tax legislation as it applies to oil and gas companies is made public.

It is also the intention of the company to participate in pipeline activities in southeast Alberta. Since the company's share of production is estimated to reach 2300 barrels per day in 1972 it may well be that the company will participate in the construction of pipeline facilities to transport such production.

With the significant oil and gas reserves and related cash flow that has now been established, your company is commencing a period of full participation in Canada's exciting oil and gas industry.

Respectfully submitted on behalf of
the Board of Directors

D. G. Ferguson
D. G. Ferguson, President

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Producing well—"D" Pool
Countess Field

Production

Oil production reached a new all time high of 550 net barrels per day during the year ended September 30, 1970.

Gas production, which commenced January 1, 1970, is continuing at a steady rate of approximately 1.3 million cubic feet per day.

As a result of increased allowables, and the discovery of the new Lathom C pool, the company is presently producing at the rate of 815 barrels per day. The average production considering the effects of the secondary recovery program is estimated to be 2300 barrels per day during 1972. This will obviously have a tremendous effect on cash flow and the company's overall financial position.



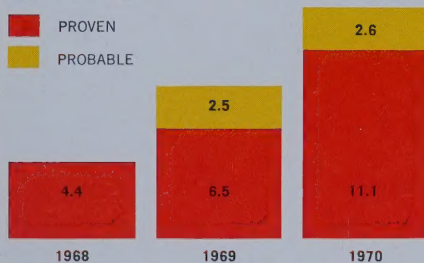
Producing Battery, Lathom Pool

Reserves

The company's share of proven and probable reserves as determined by independent engineers has increased to 13,731,000 as at September 30, 1970 from 9,000,000 as at September 1969, an increase of approximately 52%. The average life of the company's producing properties is conservatively estimated to be 25 years.

OIL RESERVES

Millions of barrels



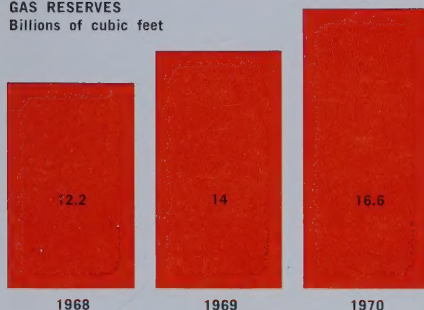
(Includes Frisco Petroleum Ltd. — now wholly owned subsidiary)

Natural gas reserves have increased to 16.647 B.c.f. as at September 30, 1970 from 14 B.c.f. as at September 30, 1969, an increase of 18%. This is after giving effect to the sale of certain gas properties during the year having reserves of approximately 5 B.c.f.

The company intends to participate in the drilling of 15-20 wells during 1971 which, considering the past drilling success ratio of approximately 60% should result in a further increase in reserves of oil and gas.

GAS RESERVES

Billions of cubic feet



(Includes Frisco Petroleum Ltd. — now wholly owned subsidiary)

Water Source facilities under construction—Lake Newell



Secondary Recovery



The company in conjunction with its joint venture partners has commenced a major secondary recovery project in the Brooks-Bassano area of southeast Alberta which will triple the company's present rate of production within the next 18 months. The design engineering has been completed and construction is now under way on the project which, by the estimated completion date of September 1971, will be capable of injecting 60,000 barrels of water per day.

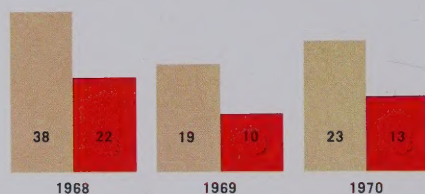
Exploration

The company presently has varying interests in approximately 150,000 acres in southeast Alberta and expects to continue to actively explore and develop these properties. The company's overall philosophy is to concentrate in this general area where the costs are relatively low and where the company has developed considerable expertise.

During the period from June 1, 1970 the company participated in the drilling of 23 wells which resulted in 9 oil wells, 4 gas wells, 2 water disposal wells and 8 dry holes. Included in the oil wells was the discovery of the new Lathom C pool. This represents a drilling success ratio of 57%—well above the industry average.

WELLS DRILLED

 TOTAL
 SUCCESSFUL OIL AND GAS

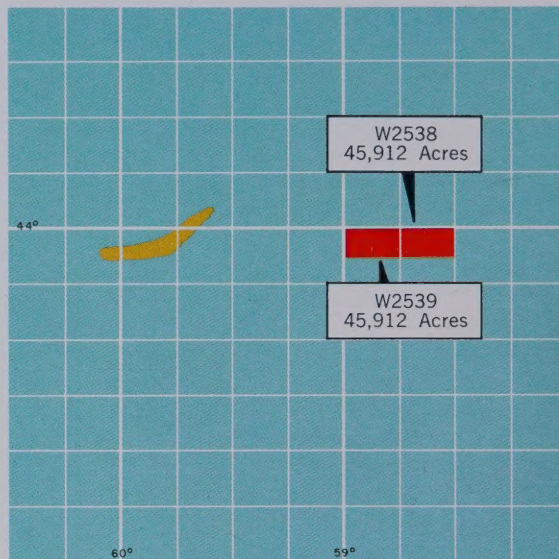


(Includes Frisco Petroleums Ltd. — now wholly owned subsidiary)

Royalty Interests

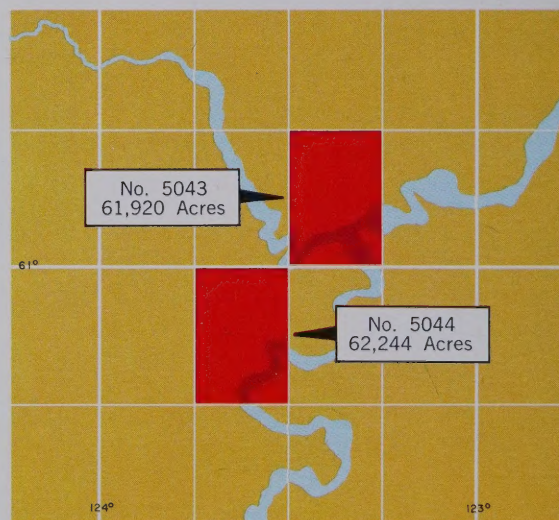
During the year the company was successful in farming out 91,824 acres held in the Sable Island area offshore Canada's east coast. A 2% gross overriding royalty retained gives your company participation in this area where extensive activity has been announced by several major oil companies.

The company continues to hold royalties ranging from 2% to 3% in 124,164 acres in the Pointed Mountain area of the Canadian Northwest Territories. The announced gas discovery by Amoco Canada Ltd. and the proposed gas pipeline to the area enhances the value of the company's holdings in this area.




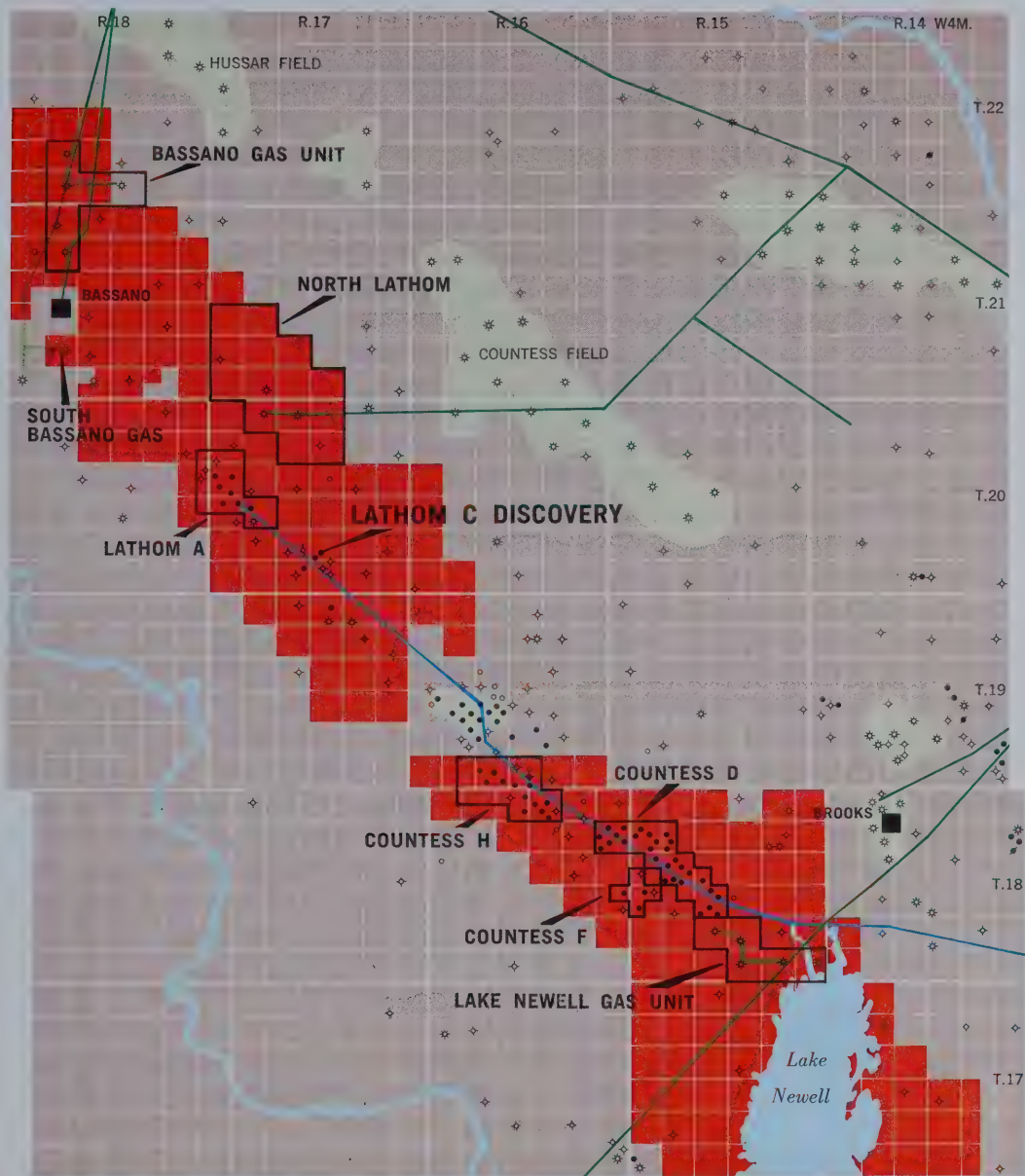
SABLE ISLAND Offshore Nova Scotia

 BONANZA PETROLEUMS LTD. HOLDINGS




POINTED MOUNTAIN Nahanni Butte

 BONANZA PETROLEUMS LTD. HOLDINGS



BASSANO · COUNTESS · LAKE NEWELL AREA

- | | |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| ○ LOCATION |  FARMOUT LANDS - CANADIAN BONANZA INTEREST: 22½% - 45% |
| ● OIL WELL | |
| ☆ GAS WELL | |
| ⊗ SUSPENDED | — OIL PIPELINE |
| ⊙ ABANDONED | — GAS PIPELINE |
| ⊕ SALTWATER DISPOSAL | — PROPOSED GAS PIPELINE |

Mineral Exploration

The company is continuing its efforts to participate in mineral exploration in Western Canada. The exciting nickel-copper discovery in the La Ronge area of Saskatchewan reported to you last year has been followed up by extensive geological and geophysical exploration. A diamond drilling rig is presently drilling on the company's property and results of such drilling will be made available on completion of the current program. Discussions are presently under way with two major mining companies relative to the possible joint exploration of the La Ronge properties.

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*Core from nickel-copper discovery,
La Ronge area*

FINANCIAL

During the year ended September 30, 1970 the company share of oil and gas revenue increased to \$365,376 from \$95,254 in the prior year. Other revenue increased to \$171,429 in 1970 as compared to \$54,766 in the prior year. The net operating loss was reduced from \$152,133 in 1969 to \$46,805 in 1970.

The company realized \$522,415 on the sale of certain oil and gas properties. Such sales served to substantially provide for the record exploration and development expenditures incurred during 1970 totalling \$656,835. The company also spent \$264,000 in acquiring the remaining minority interest of Frisco Petroleums Ltd.—now a wholly owned subsidiary.

The company has been successful in obtaining approval of a five year production loan of \$2,500,000 and the private placement of \$500,000 in the form of a 7% convertible debenture. Such funds will enable the company to participate in all phases of the exploration, development and secondary recovery programs in southeast Alberta as well as selective additional exploratory drilling in southeast Alberta and southern Saskatchewan. The foregoing has made it possible for the company to withdraw the prospectus covering a preferred share offering as set out in Note 7 to the financial statements.

ASSETS

CURRENT ASSETS

	1970	1969
Cash	\$ 9,252	\$ 10,537
Accounts receivable	55,821	138,399
Cattle inventory, at estimated market value	135,990	142,914
	<u>201,063</u>	<u>291,850</u>
5% LOAN RECEIVABLE	—	135,000

FIXED ASSETS (Note 1)

Petroleum and natural gas leases and rights together with development and equipment thereon	\$4,670,280		
Accumulated depletion and depreciation	194,248	4,476,032	3,928,347
Buildings and equipment	64,398		
Accumulated depreciation	16,037	48,361	46,636
Ranch land		355,109	355,109
Deferred mining exploration costs		159,283	16,250
		<u>5,038,785</u>	<u>4,346,342</u>
INCORPORATION COSTS		2,595	2,595

Signed on behalf of the Board:

DAVID G. FERGUSON, Director

JOHN J. FLEMING, Director

\$5,242,443 \$4,775,787

Petroleums Ltd.

ALANCE SHEET

30, 1970

LIABILITIES

CURRENT LIABILITIES

Bank indebtedness, secured		
Share purchase loan (Note 2)	\$1,200,000	\$1,200,000
Other	75,000	77,916
Accounts payable and accrued charges	189,066	237,242
Current maturities of long-term debt	14,500	13,820
	<u>1,478,566</u>	<u>1,528,978</u>

LONG-TERM DEBT (Note 3)	<u>1,328,298</u>	<u>1,153,754</u>
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MINORITY INTEREST (Note 1 (c))	<u>—</u>	<u>191,501</u>
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (Notes 4 and 7)

Authorized		
6,000,000 shares of no par value		
Issued and to be issued		
4,806,976 shares (1969—3,844,576 shares) . . .	2,664,176	2,089,746

CONTRIBUTED SURPLUS	43,030	43,030
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DEFICIT	(238,027)	(191,222)
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	<u>2,469,179</u>	<u>1,941,554</u>
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Less cost of 84,000 shares (1969—100,000 shares) owned by a subsidiary company	(33,600)	(40,000)
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	<u>2,435,579</u>	<u>1,901,554</u>
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	<u>\$5,242,443</u>	<u>\$4,775,787</u>
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CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

For the year ended September 30, 1970

	<u>1970</u>	<u>1969</u>
REVENUE		
Sale of oil and gas production	\$ 365,376	\$ 95,254
Sale of oil and gas properties	133,355	32,259
Ranch operations, net	8,026	11,247
Interest and other income	30,048	11,260
	<u>536,805</u>	<u>150,020</u>
EXPENSES		
Oil and gas operations	76,011	16,029
General and administrative	146,239	89,999
Exploration and non-productive development	40,213	37,087
Interest on long-term debt	94,996	35,778
Other interest	139,036	90,538
Depletion and depreciation	87,115	32,722
	<u>583,610</u>	<u>302,153</u>
LOSS	46,805	152,133
Deficit at beginning of year	191,222	39,089
DEFICIT AT END OF YEAR	<u>\$238,027</u>	<u>\$191,222</u>
LOSS PER SHARE	<u>1¢</u>	<u>7¢</u>

The accompanying notes are an integral part of this financial statement.

**CONSOLIDATED STATEMENT OF SOURCE
AND APPLICATION OF FUNDS**

For the year ended September 30, 1970

	<u>1970</u>	<u>1969</u>
SOURCE OF FUNDS		
Issuance of common shares for cash	\$ 97,180	\$ —
Proceeds from the sale of petroleum and natural gas properties	522,415	32,259
Collection of 5% loan receivable	135,000	—
Non-interest bearing long-term debt	226,458	108,050
Other	21,312	—
Working capital of Frisco Petroleum Ltd. on acquisition	—	58,065
	<u>\$1,002,365</u>	<u>\$ 198,374</u>
APPLICATION OF FUNDS		
To operations		
Loss	46,805	152,133
Charges (credits) not involving funds (net)	(23,184)	8,898
	<u>69,989</u>	<u>143,235</u>
Acquisition of fixed assets		
Petroleum and natural gas leases and rights together with development and equipment thereon .	595,052	100,678
Deferred mining exploration costs	61,783	16,250
Cash consideration on acquisition of shares of Frisco Petroleum Ltd.	264,000	1,221,500
Reduction of long-term debt	51,914	—
	<u>1,042,738</u>	<u>1,481,663</u>
DECREASE IN WORKING CAPITAL	<u>\$ 40,373</u>	<u>\$1,283,289</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 1970

NOTE 1 ACCOUNTING POLICIES

(a) Oil and Gas Properties

The company follows the practice of capitalizing the acquisition costs of producing and non-producing properties and charging the costs to earnings if the properties are subsequently surrendered. The cost of drilling productive wells (including dry holes defining the limits of a field) are capitalized. The costs of drilling other non-productive wells are charged to income when the well is determined to be dry. The costs of producing leases and productive wells, as defined above, are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas.

(b) Mining Properties

The company follows the practice of deferring all costs relating to the exploration for minerals (other than oil and gas). Such costs include acquisition, evaluation and development costs and will be amortized at such time as production from the properties commences in commercial quantities, or will be charged to income when the properties are surrendered.

(c) Consolidation

On June 1, 1969, the company acquired a 77% interest in Frisco Petroleum Ltd., and on June 1, 1970 acquired the remaining 23% interest.

The consolidated balance sheet as at September 30, 1970 includes the accounts of Frisco and its wholly-owned subsidiary, Lind Ranches Ltd. The consolidated statement of earnings includes the company's share of consolidated revenues and expenses of Frisco and its subsidiary.

The excess of the purchase price of the Frisco shares over the related underlying book value is included with petroleum and natural gas leases and rights and is being amortized on the unit of production method based on estimated consolidated recoverable quantities of oil and gas.

NOTE 2 SHARE PURCHASE LOAN

The share purchase bank loan is evidenced by a demand promissory note and is secured by certain petroleum and natural gas properties, a general assignment of book debts and the pledging of the shares of Frisco owned by the company.

While repayment of this loan is expected to be made from resources other than present current assets, no contractual arrangements have as yet been made to this effect and hence this loan is classified as a current liability.

NOTE 3 LONG-TERM DEBT

Long-term debt comprises the following:

	<u>1970</u>	<u>1969</u>
Canadian Bonanza Petroleum Ltd.		
Non-interest bearing loans	\$ 334,508	\$ 108,050
Frisco Petroleum Ltd.		
Production bank loan	862,500	900,000
Lind Ranches Limited		
7% mortgage	145,790	159,524
	<u>1,342,798</u>	<u>1,167,574</u>
Current maturities of mortgage	14,500	13,820
	<u>\$1,328,298</u>	<u>\$1,153,754</u>

The production bank loan is evidenced by a demand promissory note and is secured by petroleum and natural gas properties of the companies and by shares of Lind Ranches Limited. The mortgage is secured by ranch land and matures in 1977.

NOTE 4 CAPITAL STOCK

(a) Changes in Capital Stock

	<u>Number of Shares</u>	<u>Consideration</u>
Balance, September 30, 1969	3,844,576	\$2,089,746
Issued as partial consideration on purchase of the remaining 23% (132,000 shares) of Frisco Petroleum Ltd.	792,000	396,000
Issued for cash	107,900	97,180
To be issued in settlement of a liability incurred on acquisition of mineral properties (issued in December, 1970)	62,500	81,250
Balance, September 30, 1970	<u>4,806,976</u>	<u>\$2,664,176</u>

(b) Options

Under an agreement dated March 13, 1970, the company acquired certain properties and financed such acquisition in part by borrowing U.S. \$187,500 by way of a 10% note payable. In the event of the sale of such properties by the company the agreement granted the lender an option to purchase 62,400 common shares in the capital stock of the company at \$1.20 per share, exercisable on or before August 11, 1972. Such properties were sold prior to September 30, 1970 and the option agreement became effective (subject to approval by regulatory authorities).

(c) Reference is made to Note 7.

NOTE 5 INCOME TAXES

The companies claim capital cost allowances, drilling, exploration and lease acquisition costs for income tax purposes in excess of the related amounts reflected in their accounts and provide in their accounts only for the taxes payable on their taxable income for the year. As at September 30, 1970, expenditures of \$1,559,000 (subject to final determination by taxation authorities) remain to be carried forward and applied against future taxable income.

It is the policy of the company to provide for deferred income taxes at such time as taxes otherwise payable are deferred as a result of claiming capital cost allowance in excess of depreciation recorded. This policy permits the company to claim capital cost allowance in excess of book depreciation without providing for deferred tax in its accounts provided it has other tax deductions available to eliminate taxable income. However, management does not believe that it is appropriate to provide for income taxes deferred as a result of claiming for income tax purposes drilling, exploration and lease acquisition costs in excess of depletion provided in the accounts; while the view of management conforms with general practice in the oil and gas industry, it differs from the tax allocation basis of accounting recommended by the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants under which the income tax provision is based on the earnings reported in the accounts.

If the tax allocation basis had been followed for all timing differences between taxable income and reported operating results, income taxes of \$40,000 would have been provided for the current year (Nil in 1969) and the loss for the year would have been increased accordingly.

NOTE 6 DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

General and administrative expenses for 1970 include \$67,200 paid to directors and senior officers of the company.

NOTE 7 SUBSEQUENT EVENTS

Subsequent to September 30, 1970, the company:

- (a) amended its authorized capital stock by increasing the common shares to 30,000,000 of no par value to be issued for a maximum consideration of \$10,000,000 and by creating 10,000,000 8% non-cumulative, redeemable, convertible (on the basis of one common share for each preferred share) voting preferred shares with a par value of \$1 each.
- (b) granted options to its directors and senior officers to purchase 150,000 preferred shares of the company's capital stock (subject to approval by regulatory authorities) at the option price of \$1 per share, exercisable as to 30,000 shares in each of the years 1971 to 1975.
- (c) offered for sale to the public, at a price of \$1 per share (85¢ per share to the company), a maximum of 3,400,000 preferred shares with 1,700,000 warrants to purchase common shares.

AUDITORS' REPORT

To the Shareholders
Canadian Bonanza Petroleum Ltd.

We have examined the consolidated balance sheet of Canadian Bonanza Petroleum Ltd. and its subsidiaries as at September 30, 1970 and the consolidated statements of earnings and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
December 16, 1970

RIDDELL, STEAD & CO.
Chartered Accountants

LEUMS LTD. ANIES

ATEMENTS

Transfer Agent

Montreal Trust Company

Banker

Bank of Montreal

Auditors

Riddell Stead & Co.

Lawyers

McLeod Dixon

Listing

Calgary Stock Exchange

nadian Bonanza Petroleums Ltd.
ated statements of earnings and
hs then ended. Our examination
such tests of accounting records
the circumstances.

present fairly the financial posi-
of their operations and the source
d, in accordance with generally
with that of the preceding year.

RIDDELL, STEAD & CO.

Chartered Accountants

CANADIAN BONANZA PETROLEUMS LTD. and SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 1971

AUDITORS' REPORT

To the Shareholders
Canadian Bonanza Petroleum Ltd.

We have examined the consolidated balance sheet of Canadian Bonanza Petroleum Ltd. and its subsidiaries as at March 31, 1971 and the consolidated statements of earnings and deficit and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1971 and the results of their operations and the source and application of their funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
April 23, 1971.

RIDDELL, STEAD & CO.
Chartered Accountants

CANADIAN BONAR and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

Accounts receivable	\$	18,230
Cattle inventory, at estimated market value		112,980
		<u>131,210</u>

FIXED ASSETS (Note 1)

Petroleum and natural gas leases and rights together with development and equipment thereon	\$4,900,771	
Accumulated depletion and depreciation	261,657	4,639,114
Ranch land		355,319
Deferred mining exploration costs		167,257
		<u>5,161,690</u>

INCORPORATION COSTS

2,595

Signed on behalf of the Board:

DAVID G. FERGUSON, Director

JOHN J. FLEMING, Director

\$5,295,495

The accompanying notes are an integral part of this financial statement.

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

	Six Months Ended March 31, 1971	1970 (Unaudited)
REVENUE		
Sale of oil and gas production	\$226,300	\$173,059
Sale of oil and gas properties	—	122,824
Ranch operations, net	7,500	1,185
Interest and other income	11,636	18,740
	<u>245,436</u>	<u>315,808</u>
EXPENSES		
Oil and gas operations	43,185	47,771
General and administrative	78,283	61,162
Exploration and non-productive development	6,095	18,155
Interest on long-term debt	39,365	39,672
Other interest	62,223	63,250
Depletion and depreciation	51,372	64,150
	<u>280,523</u>	<u>294,160</u>
LOSS (NET EARNINGS)	35,087	(21,648)
Deficit at beginning of period	238,028	191,222
Financing expenses	27,256	—
DEFICIT AT END OF PERIOD	<u>\$300,371</u>	<u>\$169,574</u>
LOSS PER SHARE	<u>1c</u>	<u>1c</u>

The accompanying notes are an integral part of this financial statement.

PETROLEUMS LTD. COMPANIES

AS AT MARCH 31, 1971

LIABILITIES

CURRENT LIABILITIES

Bank indebtedness, secured	
Share purchase loan (Note 2)	\$1,200,000
Other	81,081
Accounts payable and accrued charges	334,576
Current maturities of long-term debt	14,500
	<u>1,630,157</u>
LONG-TERM DEBT (Note 3)	<u>1,288,103</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 4)

Authorized	
30,000,000 common shares of no par value	
10,000,000 8% non-cumulative, redeemable, convertible, voting preferred shares of the par value of \$1 each	
Issued	
4,806,976 common shares	2,664,176
CONTRIBUTED SURPLUS	43,030
DEFICIT	(300,371)
	<u>2,406,835</u>
Less cost of 74,000 shares owned by a subsidiary company	(29,600)
	<u>2,377,235</u>
	<u>\$5,295,495</u>

part of this financial statement.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Six Months Ended March 31, 1971	1970 (Unaudited)
SOURCE OF FUNDS		
From operations		
Loss (net earnings)	\$ 35,087	\$ (21,648)
Charges (credits) not involving funds, net	48,254	(58,672)
	<u>13,167</u>	<u>(37,024)</u>
Proceeds from sale of assets	7,118	130,170
Collection of 5% loan receivable	—	15,000
Non-interest bearing long-term debt	—	60,851
Other	—	22,000
	<u>20,285</u>	<u>190,997</u>
APPLICATION OF FUNDS		
Petroleum, natural gas and mineral leases and rights together with development and equipment thereon	174,278	496,904
Reduction of long-term debt, net	40,195	—
Financing expenses	27,256	—
	<u>241,729</u>	<u>496,904</u>
DECREASE IN WORKING CAPITAL	<u>\$221,444</u>	<u>\$305,907</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 1971

NOTE 1 ACCOUNTING POLICIES

(a) Oil and Gas Properties

The company follows the practice of capitalizing the acquisition costs of producing and non-producing properties and charging the costs to earnings if the properties are subsequently surrendered. The cost of drilling productive wells (including dry holes defining the limits of a field) are capitalized. The costs of drilling other non-productive wells are charged to income when the well is determined to be dry. The costs of producing leases and productive wells, as defined above, are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas.

(b) Mining Properties

The company follows the practice of deferring all costs relating to the exploration for minerals (other than oil and gas). Such costs include acquisition, evaluation and development costs and will be amortized at such time as production from the properties commences in commercial quantities, or will be charged to income when the properties are surrendered.

(c) Consolidation

The consolidated balance sheet as at March 31, 1971 includes the accounts of Frisco Petroleums Ltd. and its wholly-owned subsidiary, Lind Ranches Limited. The consolidated statement of earnings includes the company's share of consolidated revenues and expenses of Frisco Petroleums Ltd. and its subsidiary.

The excess of the purchase price of the Frisco shares over the related underlying book value is included with petroleum and natural gas leases and rights and is being amortized on the unit of production method based on estimated consolidated recoverable quantities of oil and gas.

NOTE 2 SHARE PURCHASE LOAN

The share purchase bank loan is evidenced by a demand promissory note and is secured by certain petroleum and natural gas properties, a general assignment of book debts and the pledging of the shares of Frisco Petroleums Ltd. owned by the company.

While repayment of this loan is expected to be made from resources other than present current assets (reference is made to Note 3), no contractual arrangements have as yet been made to this effect and hence this loan is classified as a current liability.

NOTE 3 LONG-TERM DEBT

Long-term debt comprises the following:

Canadian Bonanza Petroleums Ltd.	
Non-interest bearing loans	\$ 346,508
Frisco Petroleums Ltd.	
Production bank loan	825,000
Lind Ranches Limited	
7% mortgage	131,095
	<hr/>
	1,302,603
Current maturities of mortgage	14,500
	<hr/>
	\$1,288,103
	<hr/>

The production bank loan is evidenced by a demand promissory note and is secured by petroleum and natural gas properties of the companies and by shares of Lind

Ranches Limited. The mortgage is secured by ranch land and matures in 1977.

The company is negotiating for a five-year production bank loan of \$2,500,000 to replace its present production and share purchase loans (see Note 2) and for the private placement of a \$500,000 7% convertible debenture.

NOTE 4 CAPITAL STOCK

There are options outstanding entitling the holders to purchase 62,400 common shares of the company at \$1.20 per share exercisable on or before August 11, 1972. In addition, options have been granted to officers and directors to purchase 150,000 preferred shares of the company at \$1.00 per share exercisable as to 30,000 shares in each of the years 1971 to 1975.

NOTE 5 INCOME TAXES

The companies claim capital cost allowances, drilling, exploration and lease acquisition costs for income tax purposes in excess of the related amounts reflected in their accounts and provide in their accounts only for the taxes payable on their taxable income for the year. As at March 31, 1971, expenditures of \$1,687,000 (subject to final determination by taxation authorities) remain to be carried forward and applied against future taxable income.

It is the policy of the company to provide for deferred income taxes at such time as taxes otherwise payable are deferred as a result of claiming capital cost allowance in excess of depreciation recorded. This policy permits the company to claim capital cost allowable in excess of book depreciation without providing for deferred tax in its accounts provided it has other tax deductions available to eliminate taxable income. However, management does not believe that it is appropriate to provide for income taxes deferred as a result of claiming for income tax purposes drilling, exploration and lease acquisition costs in excess of depletion provided in the accounts; while the view of management conforms with general practice in the oil and gas industry, it differs from the tax allocation basis of accounting recommended by the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants under which the income tax provision is based on the earnings reported in the accounts.

If the tax allocation basis had been followed for all timing differences between taxable income and reported operating results, income taxes of \$15,000 would have been provided for the six months ended March 31, 1971, and the loss for the period would have been increased accordingly.

NOTE 6 DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

General and administrative expenses for the six months ended March 31, 1971 include \$36,000 paid to directors and senior officers of the company.

NOTE 7 CONTINGENT LIABILITY

A Statement of Claim has been filed against the company for alleged breach of certain undertakings in connection with the company's acquisition of shares of Frisco Petroleums Ltd. While the plaintiff claims, among other things, damages of \$540,000, management has received an opinion from its solicitor which indicates that the company's ultimate liability, if any, would be substantially less than the amount claimed by the plaintiff.

33.—Continued	water-flood all five oil pools is estimated to be \$1.2 million. This secondary recovery scheme will substantially increase and accelerate the Company's share of production from this area.																										
	In addition to the substantial secondary recovery project referred to above, the Company plans to develop and participate in new exploration plays in the relatively low cost, high rate of return areas of southeast Alberta and southwest Saskatchewan. As cash flow permits, the Company plans to extend its exploration activities to higher risk areas including international offshore concessions.																										
34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	International Computer Applications Ltd. Re: Countess D Pool D & S Petroleum Consultants Ltd. Re: Lathom A Pool R. W. Macdonald Petroleum Consultants Ltd. Re: all other properties		December, 1970 April, 1971 June, 1970																								
35. Full particulars of production to date.		<table><thead><tr><th></th><th>Oil (Barrels)</th><th>Gas (MCF)</th></tr></thead><tbody><tr><td>November, 1966, to May 31, 1967</td><td>465</td><td>—</td></tr><tr><td>June 1, 1967, to May 31, 1968</td><td>68,954</td><td>—</td></tr><tr><td>June 1, 1968, to May 31, 1969</td><td>150,820</td><td>—</td></tr><tr><td>June 1, 1969, to September 30, 1969</td><td>60,265</td><td>—</td></tr><tr><td>October 1, 1969, to September 30, 1969</td><td>205,291</td><td>318,116</td></tr><tr><td>October 1, 1970, to March 31, 1971</td><td>107,201</td><td>219,548</td></tr><tr><td>(Net After Royalties)</td><td></td><td></td></tr></tbody></table>		Oil (Barrels)	Gas (MCF)	November, 1966, to May 31, 1967	465	—	June 1, 1967, to May 31, 1968	68,954	—	June 1, 1968, to May 31, 1969	150,820	—	June 1, 1969, to September 30, 1969	60,265	—	October 1, 1969, to September 30, 1969	205,291	318,116	October 1, 1970, to March 31, 1971	107,201	219,548	(Net After Royalties)			
	Oil (Barrels)	Gas (MCF)																									
November, 1966, to May 31, 1967	465	—																									
June 1, 1967, to May 31, 1968	68,954	—																									
June 1, 1968, to May 31, 1969	150,820	—																									
June 1, 1969, to September 30, 1969	60,265	—																									
October 1, 1969, to September 30, 1969	205,291	318,116																									
October 1, 1970, to March 31, 1971	107,201	219,548																									
(Net After Royalties)																											
36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	To date no dividends have been paid by the Company.																										
37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange	Messrs. Macleod Dixon Barristers and Solicitors Suite 555 444-7th Avenue S.W. Calgary 2, Alberta																										
38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.	The common shares have been listed on the Calgary Stock Exchange since 1968.																										
(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.	No application for listing the shares of the Company on any other exchange is now pending or contemplated.																										
(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.	No application for listing has ever been refused or deferred by any stock exchange.																										
39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held, and name of employing company or firm.	David George Ferguson Geophysicist Leland Don Halvorsen B.Sc. P. Eng. John Joseph Fleming B.Comm., C.A. Jerome Reyda, Q.C.	1966 to date, President of the Company 1964-1969 Independent Petroleum Consultant; 1969 to date, Vice-President of the Company 1964 to 1969, manager and then partner of Riddell, Stead & Co., Chartered Accountants; 1969 to date, Secretary-Treasurer of the Company 1964 to date, practicing solicitor in the City of Edmonton. Appointed a director of the Company in 1970																									

40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing.

1. Agreement dated December 16, 1968, between Canadian Pacific Oil & Gas Limited ("CPOG"), the Company's wholly-owned subsidiary Frisco Petroleum Ltd. ("Frisco"), Mana Oil Inc. of Midland, Alex W. McCoy Associates, Inc., and Alex W. McCoy providing for the transfer to Frisco and Mana Oil Inc. of Midland of various working interests in certain lands and leases located in the Countess and Lake Newell areas of Alberta and appointing CPOG as manager-operator under the Farm-out Agreement dated September 15, 1966, between CPOG and Alex W. McCoy Associates, Inc.
2. Various agreements entered into during 1968, 1969, and 1970, with individual shareholders of Frisco providing for the acquisition of all outstanding shares of Frisco for a total consideration of 3,386,576 common shares and \$1,485,500 cash.
3. Agreement dated February 25, 1969, between Silver Chief Minerals Ltd. and the Company assigning to the Company a 50% interest in an agreement dated February 24, 1969, between Walter Shupe and Silver Chief Minerals Ltd. granting an option on mining properties CBS34 and Mineral Claims 1 to 3, inclusive, La Ronge Mining District, Saskatchewan.
4. Agreement dated June 17, 1969, between Silver Chief Minerals Ltd. and the Company assigning to the Company a 50% interest in Mineral Claims WS 4 to 10, inclusive, La Ronge Mining District, Saskatchewan.
5. Agreement dated May 1, 1970, between the Company and Silver Chief Minerals Ltd. relating to the issue to that company of 62,500 common shares in consideration of its having issued its own treasury shares to a prospector in connection with the mineral properties in the La Ronge Mining District, Saskatchewan.
6. Agreement dated February 23, 1970, between Alex W. McCoy Associates, Inc., Frisco, and CPOG whereby Alex W. McCoy Associates, Inc. sold all of its interest in certain lands and leases located in the Countess area of Alberta to Frisco and CPOG as to an undivided one-third and two-thirds interest, respectively.
7. Agreement dated March 11, 1970, between Alex W. McCoy Associates, Inc., Frisco, and CPOG amending the agreement referred to in 6 above.
8. Agreement dated August 1, 1970, between the Company and CPOG providing for the sale by the Company to CPOG of the $\frac{1}{3}$ interest in the oil properties referred to in 6 above.
9. Agreement dated August 4, 1970, between the Company and Bralorne Oil & Gas Co., Ltd. providing for the sale by the Company to such company of certain gas properties.
10. Trust Deed dated May 1, 1971, relating to the issue by the Company of \$500,000 7% Secured Convertible Debentures due May 15, 1974.

41. Any other material facts not disclosed in the foregoing.

There are no other material facts relating to the Company not disclosed in the foregoing and in the attached Annual Report as of September 30, 1970, Interim Report as at March 31, 1971, and Pro Forma Balance Sheet as at March 31, 1971.

42. STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL

as of June 4, 1971

FREE STOCK	Shares	Shares
(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees).	3,986,843	
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees.	373,133	
Total free stock		4,359,976

ESCROWED OR POOLED STOCK

(c) Held in escrow or pool as set out in Item 19 of this application.	447,000
Total issued capital	4,806,976

RECORD OF SHAREHOLDERS

Number of registered shareholders holding shares in class (a) above	566
Number of registered shareholders holding shares in class (b) above	4
Number of registered shareholders holding shares in class (c) above	2

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

as of June 4, 1971

Number		Shares
10	..... Holders of 1 — 99 shares	431
226	..... " " 100 — 499 "	43,782
124	..... " " 500 — 999 "	68,658
76	..... " " 1000 — 1999 "	85,150
30	..... " " 2000 — 2999 "	66,704
15	..... " " 3000 — 3999 "	48,044
6	..... " " 4000 — 4999 "	26,699
85	..... " " 5000 — up "	4,467,508
572	Stockholders	Total Shares 4,806,976

Dated at Calgary, Alberta, the thirteenth day of July, 1971.

CANADIAN BONANZA PETROLEUMS LTD.



"D. G. FERGUSON",
President.

"J. J. FLEMING",
Secretary-Treasurer.

FINANCIAL STATEMENTS

CANADIAN BONANZA PETROLEUMS LTD. and Subsidiary Companies

CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1971

ASSETS

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet Note (Unaudited)
CURRENT ASSETS		
Cash	\$ —	\$ 565,424
Accounts receivable	18,230	18,230
Cattle inventory, at estimated market value	112,980	112,980
	<u>131,210</u>	<u>696,634</u>
FIXED ASSETS		
Petroleum and natural gas leases and rights together with development and equipment thereon	4,900,771	4,900,771
Accumulated depletion and depreciation	261,657	261,657
	<u>4,639,114</u>	<u>4,639,114</u>
Ranch land	355,319	355,319
Deferred mining exploration costs	167,257	167,257
	<u>5,161,690</u>	<u>5,161,690</u>
INCORPORATION COSTS	2,595	2,595
	<u>\$5,295,495</u>	<u>\$5,860,919</u>

LIABILITIES

CURRENT LIABILITIES		
Bank indebtedness, secured		
Share purchase loan	\$1,200,000	\$ —
Other	81,081	81,081
Accounts payable and accrued charges	334,576	—
Current maturities of long-term debt	14,500	14,500
	<u>1,630,157</u>	<u>95,581</u>
LONG-TERM DEBT	1,288,103	3,388,103

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized		
30,000,000 common shares of no par value		
10,000,000 8% non-cumulative, redeemable, convertible, voting preferred shares of the par value of \$1 each		
Issued		
4,806,976 common shares	2,664,176	2,664,176
CONTRIBUTED SURPLUS	43,030	43,030
DEFICIT	(300,371)	(300,371)
	<u>2,406,835</u>	<u>2,406,835</u>
Less cost of 74,000 shares owned by a subsidiary company	(29,600)	(29,600)
	<u>2,377,235</u>	<u>2,377,235</u>
	<u>\$5,295,495</u>	<u>\$5,860,919</u>

NOTE TO PRO FORMA CONSOLIDATED BALANCE SHEET (Unaudited)

The pro-forma consolidated balance sheet as at March 31, 1971, is after giving effect to the following:

- The increase in the existing production bank loan by \$1,675,000 to \$2,500,000.
- The private placement of a \$500,000 3-year 7% convertible debenture.
- The application of the proceeds of (a) and (b) above as follows:
 - Repayment of the existing \$1,200,000 share purchase loan and \$75,000 of other long-term debt.
 - Payment of accounts payable and accrued liabilities in the amount of \$334,576.
 - Increase in cash by the remainder.